GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2805
ANSWERED ON:02.12.2016
Financial Sector Legislative Reforms Commission
Singh Shri Ravneet

Will the Minister of FINANCE be pleased to state:

(a) whether the Government plans to merge various financial sector regulating bodies into a single body as recommended by Financial Sector Legislative Reforms Commission (FSLRC) and if so, the details thereof;

(b) whether the Government is planning to make the functioning of current financial sector regulators like SEBI, IRDA etc. accountable to legislative authority; and

(c) if so, the details thereof and action taken thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a): The Financial Sector Legislative Reforms Commission (FSLRC) has recommended a financial regulatory architecture featuring seven agencies, namely, Reserve Bank of India (RBI), Unified Financial Authority, Financial Sector Appellate Tribunal, Resolution Corporation, Financial Redressal Agency, Public Debt Management Agency and Financial Stability and Development Council. Thus, FSLRC proposal features seven agencies and is hence not a "unified financial regulator" proposal. FSLRC also recommended that the Securities and Exchange Board of India (SEBI), Forward Markets Commission (FMC), Insurance Regulatory and Development Authority (IRDA) and the Pension Fund Regulatory and Development Authority (PFRDA) will be merged into a Unified Financial Authority. FMC has been merged with SEBI in September, 2015.

(b) and (c): As per the provisions of the Acts governing the financial sector regulators, namely, SEBI, Insurance Regulatory and Development Authority of India (IRDAI) and PFRDA, are accountable to the legislative authority, through the Administrative Ministry, through their Annual Reports, which are laid before each House of the Parliament. Every Regulation made by the RBI, SEBI, IRDAI and PFRDA under the governing Acts, is laid in each House of Parliament, as soon as may be after it is made, through the Administrative Ministry and the Parliament has powers to repeal or suggest modifications to the same. The Parliament, through its Standing Committee on Finance, also reviews the functioning of RBI, SEBI, IRDAI and PFRDA, from time to time, and makes recommendations thereto.
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